

The complaint

Mr F is a sole trader. He complains that Barclays Bank UK Plc treated him unfairly when it closed his business accounts.

What happened

Mr F held two business accounts for his company, 'F', with Barclays since 1982.

Mr F told us:

- Barclays had unfairly closed his accounts in July 2023. He didn't know why the bank had taken that action as he had provided the information it had requested, and his local branch didn't know why the accounts had been closed either.
- Barclays said it had contacted him by phone and online banking about outstanding information. However, he didn't have telephone or internet banking facilities for his business and only used his local branch.
- He didn't think Barclays had followed its own process in the manner it had closed his accounts and he was also unhappy that the bank didn't investigate his complaints properly. He wanted Barclays to pay him compensation for the distress and inconvenience it had caused, but he didn't want the accounts reopened as he'd opened accounts elsewhere.

Barclays told us:

- In October 2021, it had started a review of Mr F's account as part of its 'Know Your Customer' ('KYC') checks and requested some information from him about his business.
- Mr F had provided some information in 2022, however it had needed further information from him which he hadn't provided. As it hadn't received the requested information from Mr F, it had initially issued a 'Notice to Close' ('NTC') in October 2022 giving him sixty days' notice. It had then sent further information requests to Mr F throughout 2022/2023 but Mr F hadn't responded.
- It had issued another NTC to Mr F in July 2023 giving him fifteen days' notice and closed his accounts shortly after the deadline had expired. It had then sent Mr F a cheque for the account balances.
- Mr F had claimed he didn't have a computer, email, or online banking, but he had online banking for his personal account, and it held an email address for him. Mr F would have been able to see the warnings about his business accounts when he accessed his personal online banking.
- It had legal and regulatory obligations which it needed to meet. When closing Mr F's

account, it had followed its process and acted in line with the account terms and conditions, so it hadn't done anything wrong.

Our investigator recommended the complaint be upheld. He thought that Barclays should have given Mr F sixty days' notice that his accounts were going to be closed in July 2023, rather than fifteen days. He thought that by asking Mr F for further contact/information in May 2023, the bank had withdrawn its previous NTC. He also thought that Barclays had behaved unreasonably when it hadn't responded to Mr F when he'd contacted it in June 2023, and it hadn't sent the cheque for the account balance in a reasonable timescale. However, the investigator thought the impact to Mr F had been mitigated as he'd been able to open accounts elsewhere. So, the investigator recommended Barclays pay £200 compensation for the inconvenience caused.

Barclays accepted the investigator's opinion. Mr F didn't agree and asked for an ombudsman to review his complaint. Mr F said he didn't think £200 was enough compensation for the inconvenience caused, particularly given the accounts held client funds and he'd had to make up the shortfall from the account closure to his clients and that he'd instructed solicitors to write to the bank about his complaint.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I'm sorry to disappoint Mr F but there's not much more that I can add to what our investigator has already said.

Mr F says that Barclays shouldn't have needed information from him because it already had his account and personal information, and that nothing had changed over the last forty years and could be supported by his local branch. Mr F was also unhappy that his accounts had been referred to as business accounts rather than the client money accounts which he had opened. I acknowledge Mr F's frustration at the bank's requests, and that his local branch was aware that nothing had changed for his business. However, Barclays has legal and regulatory obligations to ensure that it has sufficient knowledge of its customers. And the bank may need to check from time to time that the information it holds for its customer is correct.

It is a commercial decision which Barclays is able to make on how often it undertakes these checks and what information (within reason) it needs to comply with its obligations. Given when Mr F opened his accounts, I think it's reasonable to believe that things could have changed within that time period. So, I think it's understandable that the bank wanted to check that the information it held on its main records for Mr F was correct – even if the branch was already aware of this – so it could meet its obligations.

Mr F says he tried to provide the information that Barclays required, but the bank didn't send him the forms it required. He says he didn't have the ability to receive the forms in the way that the bank sent them. But I'm not persuaded that's the case. I say that because I've seen evidence from Barclays showing that in June 2023, it sent correspondence to Mr F via the email address it held for him. This email asked him to provide information about his business or his accounts would be closed. I recognise that Mr F says he didn't provide Barclays with an email address for his business, but I'm not persuaded that the bank would have added this contact method to its system had it not been provided by Mr F. Furthermore, the email address is broadly in line with the updated email address Mr F provided to the bank and I've also seen emails from Mr F to Barclays. So, I think on the balance of probability, at some

point Mr F did provide an email address to the bank – although due to the passage of time its possible he may not remember this.

The bank isn't obligated to check that its customers have received the correspondence it sends, regardless of the method it uses. And Barclays' terms are clear that the obligation is on account holders to make sure the contact information that it holds is accurate, to ensure that they receive important correspondence from the bank. I recognise that Barclays had previously sent its correspondence to Mr F via post, and I think it's understandable that he would have expected all correspondence to be received in this way. However, the terms and conditions of Mr F's accounts mean that Barclays was able to correspond with him in whichever manner it felt was best. So, I can't fairly say that Barclays behaved unreasonably in contacting Mr F in the way that it did.

If a customer doesn't provide the information it requests, the bank may be put in the position whereby it may break a law, regulation, code, or duty and therefore it is able to close an account after giving the relevant notice in line with the terms and conditions of the account. Here, Barclays has evidenced that in May 2023 it sent Mr F an email and also updated the online banking banner on his personal accounts to say he should contact it. The bank also says it sent a NTC letter in July 2023, so broadly speaking I don't think it was unfair of Barclays to look to close Mr F's accounts when it didn't receive a response from him.

However, whilst I don't think it was unreasonable for Barclays to contact Mr F in the way that it did, or for it to issue him with a new NTC, I don't think the timeframe given for the bank to close Mr F's accounts was fair. I say this because, Barclays only gave Mr F fifteen days' notice of the account closure when the account terms and conditions say that the bank will give at least two months' notice, unless there are reasonable grounds for it to do so sooner. Barclays hasn't given any justification for the shorter timescale, so, I don't think it has acted fairly here.

Mr F told us that he incurred costs and inconvenience when Barclays closed his accounts because the bank didn't provide him with a breakdown of his clients funds, so he had to reimburse his clients personally. I recognise Mr F says the purpose of these accounts hasn't changed since he opened them, however, I haven't seen any evidence from the bank that these were set up as client fund accounts, and it has also said that it had no record of these accounts being opened for client funds. So, I can't fairly say it was unreasonable for Barclays simply to send Mr F the full account balance less any applicable charges if it wasn't aware of any specific account requirements. Furthermore, Barclays has said it sent Mr F a closure statement on the date the accounts were closed, and I've seen that a statement breakdown was ordered for Mr F in August 2023. So, I don't think Barclays has behaved unreasonably here.

I recognise that Mr F says his reputation was damaged as a result of the account closures, and that he had to seek legal advice about his complaint (and would have been charged by the solicitor had he escalated his complaint). However, our service doesn't usually award the fees for complainants to make a complaint to the bank or refer their complaints to us. But in any event, Mr F hasn't provided our service with any evidence that he incurred legal costs for me to look at reimbursing. Nor has Mr F provided sufficient evidence to show that he incurred reputational damage as a result of the banks actions. Our service is an evidence-based organisation, and we don't make awards for speculative losses, such as costs that weren't incurred. So, I wouldn't look to award Mr F compensation for this.

I'm sorry to disappoint Mr F as I know he feels strongly about this complaint. However, in principle, I think that Barclays was entitled to close Mr F's accounts as it didn't get the information it needed from him. I don't think that the bank gave Mr F enough notice of the closure, but I haven't seen that this caused him significant inconvenience as Mr F has told us

he was able to open accounts elsewhere. I agree that Barclays should have sent Mr F the cheque for the balance of the accounts quicker, but I remain of the opinion that £200 compensation for the inconvenience caused is enough to put things right.

My final decision

My final decision is that I uphold the complaint. I instruct Barclays Bank UK Plc to pay Mr F £200 compensation for the inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask F to accept or reject my decision before 3 February 2025.

Jenny Lomax
Ombudsman